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Bosnia and Herzegovina Agricultural Situation Report

Report Categories:

Agricultural Situation

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Report Highlights:

Bosnia and Herzegovina's (BiH) agriculture sector plays a significant role in its economy and officially employs around 20 percent of workforce. The best prospect sectors are dairy, fishery, fruit and vegetable, honey, and aromatic and medicinal herbs. Major agricultural issues are lack of market linkages, access to capital, investment in agriculture, and food safety and quality standards.

BiH

largely depends on food imports and imports approximately two-thirds of its food needs. As a potential EU candidate country, BiH is going through a process of harmonizing its food regulations with the EU's. The report includes main agricultural production and trade figures.

General Information:

Author Defined:

Bosnia and Herzegovina Agricultural Production

Bosnia and Herzegovina's (BiH) 2007 Gross Domestic Product (GDP) amounted to 21.641 million KM (Convertible Mark, \$1.00 = KM 1.30). The agriculture, hunting and forestry's share of total 2007 GDP was 7.9 percent. Agriculture sector plays a significant role in the BiH's economy as the agricultural share in overall employment is 20.6 percent. The best prospect sectors, according to BiH Sector for Agriculture, Food, Forestry and Rural Development, are dairy, fishery, fruit and vegetable, honey, and aromatic and medicinal herbs. The main obstacles for BiH's agricultural sector development are lack of market linkages, access to capital, food safety and inspection standards and investment in agriculture. BiH largely depends on food imports as country imports approximately two-thirds of its food needs. Despite of many stimulative measures and production incentives, the lack of processing capacities, directly linked to farmers, has been seen as one of the main obstacles for improving agricultural production.

Crop Production

Total arable land amounts to 1,972,000 hectares, of which 544,000 hectares are actually sown. In 2008, grain was sown on 310,000 ha. (57 percent) and total grain production was 1,329,300 tons. Grain production was 64 percent corn, 20 percent wheat, and the remainder consisted of other grains

Crop Production 2007 - 2008				
	Area (000 ha)		Production (000 t)	
Year	2007	2008	2007	2008
Corn	198.6	198.9	635.3	976.2
Wheat	74.5	61.1	257.1	226.1
Oats	15.4	15.3	38.5	40.1
Ray	3.3	3.8	8.9	11
Barley	2.1	2.8	60.7	75.8
Total	293.9	311	1,000.50	1,329.30

Source: Agency for Statistics of BiH

The total number of fruit trees in 2008 was 25 million, out of which 11 million were plum trees, 4

million apple trees, and 1.8 million pear trees. The total 2008 fruit production was 235,000 tons. Berry fruit production, mainly raspberries and strawberries, showed a growth from 2,336 hectares in 2007 to 6,096 hectares in 2008. Total berry fruit production in 2008 was 28,540 tons. Grape production increased by 12.6 percent compared to the year before. Total grape production in 2008 was 23.912 tons.

Fruit Production 2007 - 2008				
	No. of trees (000)		Production (000 t)	
Year	2007	2008	2007	2008
Plum	11,003.1	11,355.8	138.7	132.6
Apple	3,982.8	4,189.8	60.9	51.9
Pear	1,735.9	1,792.0	20.6	21.6
Cherries	720.8	743.8	10.5	10.0
Peaches	469.2	544.3	7.4	8.3
Nuts	508.9	516.4	5.0	4.8
Sour cherries	360.8	377.4	3.3	3.5
Quinces	108.4	108.7	1.0	0.9
Apricot	86.8	92.3	0.8	0.6
Figs	51.4	57.5	0.6	0.6
Olives	8.4	11.2	0.07	0.1
Tangerines	1.9	1.8	0.05	0.06
Almond	11.2	11.1	0.05	0.05
Lemon	3.2	3.1	0.01	0.01
Total	19,052.8	19,805.2	248.9	235.0

Source: Agency for Statistics of BiH

Vegetables were sown on 81,000 hectares in 2008. Total vegetable production was 706,030 tons. Potatoes are predominant vegetable and were sown on 40,243 hectares, with a total production of 424,900 tons. Other vegetables include cabbage and kale, tomato, onion, pepper, and carrot.

Vegetable Production 2007 - 2008				
	Area (000 ha)		Production (000 t)	
Year	2007	2008	2007	2008
Potato	40.7	40.2	387.2	424.9
Cabbage and Kale	6.5	6.2	82.4	86.0
Tomato	3.9	3.9	33.2	40.7
Onion	5.2	5.0	34.9	38.4
Green Pepper	3.9	3.9	36.7	39.9
Carrot	1.8	1.9	22.8	27.5
Cucumber	3.0	3.0	21.7	25.0

Bean	9.3	9.2	10.4	13.0
Garlic	1.9	1.9	6.9	6.9
Peas	1.7	1.5	4.9	4.0
Total	77.9	76.7	641.1	706.3

Source: Agency for Statistics of BiH

According to the 2008 statistical data, area for industrial crops was 7,000 hectares or only 1 percent share of total sown land. Total production of industrial crops was 12,800 tons. The predominant industrial crops were soybeans (3,938 ha.) and tobacco (1,910 ha.)

Other oilseeds production area equaled 905 hectares.

Industrial Crop Production 2007 - 2008				
	Area (000 ha)		Production (000 t)	
Year	2007	2008	2007	2008
Soya	5.5	4	8	8
Tobacco	2.3	2	3.2	3
Rape Seed	1.8	0.7	4	1.6
Sunflower	0.2	0.2	0.1	0.2
Sugar Beet	0	0.6	0	0.3
Total	9.8	7	15.30	12.80

Source: Agency for Statistics of BiH

The total area under fodder crops in 2008 was 145,000 hectares and their share in the total sown area was 27 percent.

Fodder Crop Production 2007 - 2008				
	Area (000 ha)		Production (000 t)	
Year	2007	2008	2007	2008
Maize for fodder	18.1	20.4	313.0	375.0
Clover	52.3	50.2	93.1	170.1
Lucerne	38.2	37.4	122.6	144.4
Grass-Clover Mixtures	17.7	16.3	53.3	59.3
Grass and Legumes Mixtures	13.1	13.3	35.2	39.5
Forage beet	1.8	1.5	14.4	16.3
Cereals and Legumes Mixture	2.1	2.0	5.1	5.0
Sweet pea	0.2	0.4	0.73	0.9
Total	144.0	141.5	637.7	810.5

Source: Agency for Statistics of BiH

Organic production: The area under organic production in 2008 was 691 hectares, of which 423 hectares were certified and the remaining 268 hectares were in the stage of conversion.

Approximately 220,000 hectares of agricultural land and forests are used to for 194 hectares from the previous year. The value of products exported the EU market in 2008 amounted to € 1,387,304.

Livestock Production

Dairy sector has been one of most important sectors in BiH. The number of dairy cows in 2008 was 296,716, and total milk production was 737,199,000 liters. An average yield per cow was 2,485 liters. The volume of milk processed by dairies in 2008 was 235 million liters.

There was a growth in milk and eggs production and reduction in wool and honey production in 2008.

Number of Animals 2007 - 2008		
Year	2007	2008
Cattle	467,986	459,218
Cows and Pregnant Heifers	343,100	339,068
Sheep	1,033,264	1,035,514
Breeding Sheep	781,173	743,872
Pigs	534,764	502,197
Sows and Pregnant Sows	127,138	95,662
Horses	25,408	22,909
Poultry	14,989,229	16,184,730
Layers	3,890,665	3,806,508
Goats	70,255	70,392
Beehives	310,749	333,850

Source: Agency for Statistics of BiH

Slaughtered Livestock and Poultry 2007 - 2008		
Year	2007	2008
Cattle (Total)	142,841	154,078
Calves	64,732	69,291
Young Cows/Bovine	58,471	61,364
Other Cattle	19,641	23,423
Sheep (Total)	103,242	94,679
Lambs	71,277	66,796
Other Sheep	31,965	27,883
Pigs (Total)	138,208	133,291
Piglets	29,257	30,807
Other Pigs	108,951	102,484
Poultry Total (000)	14,945	21,302
Fattened Chicken	14,566	20,796

Other Poultry	380	533
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Source: Agency for Statistics of BiH

Food industry

According to BiH Sector for Agriculture, Food, Forestry and Rural Development, BiH's food industry has been insufficiently developed sector due old technologies, expensive production and unfair competition from imported processed products, slow and uncontrolled transition and many other similar issues. The lack of processing capacities, directly linked to farmers is seen as one of the main obstacles for increased food production, despite of increasing stimulative measures and production incentives. Domestic production largely depends on imported inputs and raw materials due to insufficient production that cannot meet the demand of existing processing capacities. Additionally, there are only three accredited laboratories for food products quality and safety control in BiH at present and most BiH food processing capacities cannot meet European standards.

Food Industry Review (2008)	
	No. of facilities
Milling Industry	61
Milk Processing	54
Meat Processing	69
Fruit and Vegetable Processing	8
Confectionery Production	8
Beer and Alcoholic Drinks Production	20
Non Alcoholic Drinks and Mineral Waters Production	99
Wine Making	56
Tobacco Production	4
Sugar Production	2

Source: Agency for Statistics of BiH

The best prospect industries are dairy and fishery.

Dairy Sector: In 2008, there were 35 dairies in BiH. In addition to these registered dairies, there have been several small family dairies. It is estimated that all dairies have capacity of 420 million liters, while about 59 percent of capacity is being utilized. In the overall production, the fluid milk production share was 76,6 percent, followed by cheese 19,2 percent and other products 4,2 percent.

The production program has been significantly improved as there has been an increase in value added products with 10-12 new products, including improved packing. The production program

of 27 dairies is still based on short shelf-life products such as yoghurt, cream. and fresh/white cheese. Cheese making centers on three main types of cheese: fresh, semi-hard and hard cheese, while cream cheeses and flavored semi-hard cheeses and similar products have been mostly imported to BiH. Also, most low-fat yoghurts, bio yoghurts, and fruit yoghurts are imported.

Dairy Production (2007-2008)			
	Unit	2007	2008
Pasteurized milk	000 l	5,900	4,454
UHT Sterilized milk	000 l	100,027	124,679
Yoghurt and other fermented drinks	000 l	32,546	36,893
Cream, sour cream	000 l	12,151	15,386
Cheese total	t	5,265	6,059
Cheese hard and semi-hard	t	1,965	2,540
Cheese fresh	t	2,902	2,435
Cheese feta type	t	212	752
Cheese other	t	186	332
Milk powder	t	434	361
Milk butter and cream cheese	t	654	977
Butter	t	440	654
Processed milk total	000 l	199,198	235,339

Aquaculture: Bosnia and Herzegovina has been known as country with favorable conditions for fish farming. The fish production has been increasing because of good natural potentials and water resources.

Aquaculture (2007-2008)		Production (000 t)	
		2007	2008
Trout		3,840	3,960
Carp		2,380	2,385
Chinese Carps (white amur, silver carp and bighead carp)		780	785
Sea fish (sea perch, dentex, gilthead)		215	220
Fresh waters trout		88	92
Shells (oyster, mussel)		84	87
Catfish		25	28
Freshwater rainbow trout		25	25
Pikeperch		5	7
Total		7,442	7,564

The greatest share in this production consists of trout, followed by carp.

The State Veterinary Office (SVO) of BiH has identified aquaculture as the priority development sector giving its great export opportunities. As of December 2008, BiH has been approved for

export of processed fish to the European Union (EU) market as a result of SVO efforts to improve safety and quality standards in fish production and meet the EU requirements.

Agricultural Support

Bosnia and Herzegovina has an incoherent policy on agricultural support. The Federation of BiH (FBiH), the Republika Srpska (RS) and the Brcko District's (BD) policies on agricultural subsidies differ very much both in determining target sectors, criteria for distribution and funds allocated. Every year, the Entities and the BD enact a rulebook on agricultural support and allocate funds depending on the overall budget available.

In FBiH, total value of subsidies amounted to 52,650,000.00 KM in 2008. The subsidy amount in 2007 was 37,531,127.19 KM.

Structure of Subsidies in 2008 Federation of BiH		
Subsidy type	Amount (KM)	Participation (%)
Animal production	23,770,162.97	45.38
Plant production	5,090,676.45	9.72
Investment projects	13,781,579.90	26.31
Loan interest rate	836,038.03	1.60
Insurance co financing	2,251.75	0.004
Technical projects	1,027,000.00	1.96
Rural development	6,520,534.79	12.45
Training and , technical events, seminars, fairs	644,000.00	1.23
Support to organization of farmers	254,000.00	0.48
Assistance in technical training	277,000.00	0.53
Projects and delayed orders from	73,628.00	0.14
Reserves	100,000.00	0.19
Total	52,376,871.89	100

In the RS, total amount paid for subsidies was of 80,000,000.00 KM in 2008.

A portion of 2008 subsidies will be paid out of 2009 budget so the total amount 2008 subsidy amount was actually 103,805,471.25 KM. The total amount for subsidies paid in 2007 was 64,079,095.56 KM.

Structure of Subsidies in 2008 Republika Srpska		
Subsidy Type	Amount(KM)	Participation (%)
Support to production and income	65,140,611.74	62.75
Support to long-term investment	11,522,447.57	11.10

Support to rural development	9,385,386.77	8.85
Intervention measures and emergency assistance	17,728,409.09	17.07
Total	103,805,471.25	100

In the BD, the total value of subsidies amounted to 4,854,791.67 KM in 2008. Agricultural subsidies paid in 2007 were valued at 5,041,016 KM.

Structure of Subsidies in 2008 Brcko District		
Subsidy Type	Amount(KM)	Participation (%)
Fruit growing	425,814.00	8.7
Vegetable growing	57,517.00	1.18
Soil cultivation	1,823,600.00	37.56
Cattle raising	2,273,840.00	46.83
Capital investments	234,198.17	4.82
Global gap	39,821.70	0.82
Total	4,854,791.67	100

Agricultural Trade

BiH's total 2008 agricultural imports totaled approximately 2.6 billion KM or 16.09 percent of total import, while total agricultural export in 2008 was approximately 410 million KM or 6.11 percent of total BiH exports.

BiH Agricultural Trade 2007 – 2008 (million KM)			
Year	Import	Export	Trade balance
2007	2,211.10	336,60	-84.78%
2008	2,620.14	410,10	-84.35%

The leading imported products in 2008 were beverages, spirits and vinegar, grains, dairy products, tobacco and sugar and sugar products and they composed approximately 50percent of all imports. The major exported products were dairy products, vegetable oils, bakery products, sugar, meat and fish meat, and table fruits.

The most significant BiH trading partners are Croatia, Serbia, Montenegro and Macedonia mainly because of traditional trade relations, consumers' preferences and trade liberalization due to the Central European Free Trade Agreement (CEFTA) that includes Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Moldova, Montenegro, and Serbia.

The total import share from CEFTA countries represented 46 percent while total export share to CEFTA countries represented 74 percent in 2008.

BiH's most important single trading partner is Croatia. The Croatian share in total BiH agricultural import in 2008 was 23.96 percent or 627.86 million KM. The Croatian share in total BiH agricultural export was 38 percent or 157.58 million.

BiH's second most important trade partner is Serbia. The Serbian share in total BiH agricultural import in 2008 was 20.53 percent or 538.15 million KM. The Serbian share in total BiH agricultural export was 20.9 percent or 85.95 million.

BiH Imports and Exports 2007 - 2008 (in Million KM)				
Year	2007		2008	
	Import	Export	Import	Export
Dairy	115.66	40.70	131.10	53.65
Fruit	104.50	23.40	109.10	27.00
Processed meat and fish products	88.79	17.82	98.15	34.12
Fresh meat and slaughterhouse products	65.22	2.79	103.74	4.46
Vegetable	55.15	19.00	59.31	18.10
Wine	32.70	5.00	32.08	5.99
Fish, invertebrates, pangolins and mollusks	14.82	13.70	18.59	16.03

The most important exported dairy products were UHT sterilized milk with (73 percent) and semi hard and hard cheeses of (19 percent). Dairy products are mostly imported from Croatia (49.6 percent) and exported to Croatia (67.3 percent).

Nearly 50 percent of total fresh meat imported in 2008 came from three countries: Croatia, Austria, and Slovenia. The meat from BiH was mainly exported to Croatia 1.87 million KM (41.97 percent), Montenegro 1.24 million KM (27.88 percent) and Serbia 0.86 million KM (19.21 percent). Processed meat products were mostly imported from three countries: Croatia, Serbia, and Slovenia, and these products are mostly exported to

The wine is mostly imported from Serbia (30.66 percent), Montenegro (29.65 percent), and Croatia (23.79 percent) in 2008. BiH exported its wine to Croatia (45.67 percent) Serbia (32.34 percent), Germany (10.67 percent) and Montenegro (4.10 percent).

More than 50 percent of total fish was imported from only three countries: Croatia, Spain, and Denmark. BiH exported fish to Serbia 9.03 million KM (56.30 percent), Croatia 5.20 million KM (32.44 percent) and Montenegro 1.32 million KM (8.23 percent).

BiH has a huge trade deficit with the European Union. Approximately half of total BiH's food import comes from European Union, while BiH exports to the EU is modest and mainly consists of raw materials or semi-finished goods that do not require safety or quality certificates. That's because BiH is unable to meet EU's high hygienic standards for imported foods. BiH is a potential candidate country and is adopting EU – like food regulations, but with slow progress. It is possible that BiH soon finds itself unable to export to CEFTA countries too, since they are more successful than BiH in adopting the EU regulation.

The State Veterinary Office (SVO) recently managed to meet EU sanitary requirements for processed fish so BiH's has been approved for export. The SVO is currently working on getting approvals for export of dairy products, honey and chicken, as well as for some non-perishable red-meat products to the EU market.

BiH is not a member of the WTO but began accession negotiations in 1999.